

Beeson Investments

Directors' report and financial
statements

Registered number 830744

31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2002.

Principal activities

The company is a property investment company.

Business review

Details of the results for the year are set out in the profit and loss account on page 4.

Proposed dividend

The directors do not recommend the payment of a dividend (2001: *£nil*).

Directors and directors' interests

The directors who held office during the year were:

RM King
HM King
WM King
CM King

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. The interests in the ordinary shares of the ultimate parent company, International Group Limited, are disclosed in the directors report and financial statements of that company.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them during the financial year.

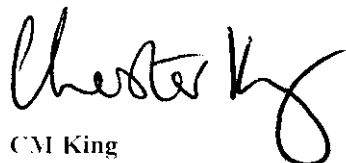
Political and charitable donations

The company made no political or charitable contributions during the year (2001: *£5,000*).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



CM King
Director

20/16/03

Hertford Place
Denham Way
Rickmansworth
Hertfordshire
WD3 9HG

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Report of the independent auditors to the members of Beeson Investments

We have audited the financial statements on pages 4 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

23 Oct 2003

Registered number 830744 /

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(11)	(28)
		<hr/>	<hr/>
Operating loss		(11)	(28)
Other interest receivable and similar income	4	32	3
Interest payable and similar charges	5	(22)	(27)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(1)	(52)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation and retained loss		(1)	(52)
		<hr/>	<hr/>

The results for the current and preceding year were derived from continuing operations.

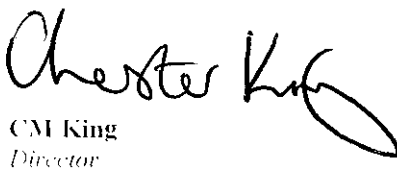
There are no recognised gains or losses during the current or preceding year other than those reflected in the profit and loss account.

Balance sheet
at 31 December 2002

	<i>Note</i>	2002	2001
		£000	£000
Fixed assets			
Tangible assets	7	290	290
Current assets			
Stock	8	214	205
Debtors	9	2,439	2,453
		<u>2,653</u>	<u>2,658</u>
Creditors: amounts falling due within one year	10	<u>(252)</u>	<u>(256)</u>
Net current assets		<u>2,401</u>	<u>2,402</u>
Total assets less current liabilities		<u>2,691</u>	<u>2,692</u>
Creditors: amounts falling due after more than one year	11	<u>(412)</u>	<u>(412)</u>
Net assets		<u>2,279</u>	<u>2,280</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	16	2,278	2,279
Equity shareholder's funds	15	<u>2,279</u>	<u>2,280</u>

These financial statements were approved by the board of directors on
were signed on its behalf by:

20 Oct 2003 and


CM King
Director

Notes

(forming part of the financial statements)

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted Financial Reporting Standard 18 'Accounting Policies' and Financial Reporting Standard 19 'Deferred Tax' in these financial statements. There were no material adjustments required as a result of adoption.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent company which has produced a group cash flow statement in accordance with the standard.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	10 years
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Freehold land and buildings

Freehold properties held are stated at the directors' valuation. No depreciation or amortisation is provided in respect of the freehold properties. This treatment is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The directors feel that the accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

Stocks and work in progress

Freehold dealing properties and directly associated improvement costs are shown as work in progress and are stated at the lower of cost or the directors' estimate of net present value if lower.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Turnover

Turnover represents amounts receivable from the principal activities of the company, excluding value added tax. Turnover is recognised in accordance with tenants' rental agreements.

Notes *(continued)*

2 Loss on ordinary activities before tax

Auditors' remuneration of £1,000 (2001: £1,000) has been borne by a fellow subsidiary undertaking.

3 Remuneration of directors and employees

The company has no employees other than the directors (2001: nil).

Four (2001: four) of the directors are also directors of other International Group companies and do not receive emoluments for their services to this company.

The details of emoluments paid to the directors can be found in the financial statements of International Group Limited. These can be obtained from the address in note 17.

4 Other interest receivable and similar income

	2002 £000	2001 £000
Bank interest	-	3
Other	32	-
	<u>32</u>	<u>3</u>

5 Interest payable and similar charges

	2002 £000	2001 £000
Interest payable to related undertakings	22	27
	<u>22</u>	<u>27</u>

Notes (continued)

6 Taxation

Analysis of charge in period

	2002 £000	2001 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<hr/>	<hr/>
Total current tax and tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is equivalent to (2001: higher than) the standard rate of corporation tax in the UK (30%, 2001: 30 %). The differences are explained below.

	2002 £000	2001 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1)	(52)
	<hr/>	<hr/>
Current tax at 30% (2001: 30%)	-	(15)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9	14
Utilisation of brought forward trading losses	(1)	-
Group relief (claim)/surrender	(8)	1
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings £000	Fixtures and fittings £000	Total £000
<i>Cost</i>			
At beginning and end of year	290	23	313
<i>Depreciation</i>			
At beginning and end of year	-	23	23
<i>Net book value</i>			
At 31 December 2002	290	-	290
At 31 December 2001	290	-	290

8 Stock

	2002 £000	2001 £000
Work in progress	214	205

9 Debtors

	2002 £000	2001 £000
Amounts owed by group undertakings	2,439	2,453

10 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Amounts owed to related party undertakings	249	226
Other creditors	3	30
	252	256

Notes (continued)

11 Creditors: amounts falling due after more than one year

	2002 £000	2001 £000
Subordinated loans	412	412

The subordinated loans and amounts owed to related parties is due to certain overseas companies owned by trusts, the settlor of which is RM King.

The subordinated loans are subordinated to the claims of other creditors such that these loans may only be repaid, in full or in part, to the extent that the company remains solvent after such repayment and will be able to meet its debts as they fall due over the following twelve months.

Interest on subordinated loans is charged at base rate plus 1.5% per annum.

Analysis of debt:	2002 £000	2001 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	249	226
In five years or more	412	412
	<u>661</u>	<u>638</u>

12 Deferred taxation

A deferred tax asset of £75,000 (2001: £68,000) has arisen as a result of timing differences (interest payable). The directors do not feel that it is appropriate to recognise this deferred tax asset in the light of current trading conditions.

13 Contingent liabilities

The company has entered into a composite cross guarantee arrangement with International Hotels Limited, International Hospitals Group Limited and Stoke Park Limited to guarantee overdrafts provided by a third party. All of these companies have common directors and common ultimate parent shareholders. The amount outstanding at the end of the year was:

	2002 £000	2001 £000
International Hotels Limited - overdraft	693	2,740
International Hospitals Group Limited - overdraft	1,566	4,138
Stoke Park Limited - overdraft	1,067	-
	<u>3,326</u>	<u>6,878</u>

Notes (continued)

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	3,326	6,878

Notes (continued)

14 Called up share capital

	2002 £000	2001 £000
<i>Authorised, allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	1	1

15 Reconciliation of movements in shareholder's funds

	2002 £000	2001 £000
Loss for the financial year	(1)	(52)
Net reduction to shareholder's funds	(1)	(52)
Opening shareholder's funds	2,280	2,332
Closing shareholder's funds	2,279	2,280

16 Reserves

	Profit and loss account £000
Balance at start of year	2,279
Retained loss for the period	(1)
Balance at end of year	2,278

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's ultimate parent undertaking and the largest and smallest group in which the company's results are consolidated is International Group Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of International Group Limited, within which this company is included, can be obtained from Hertford Place, Denham Way, Rickmansworth, Hertfordshire, WD3 9HG.

The company's ultimate controlling party is RM King.

Notes (continued)

18 Related party transactions

As the company is a wholly owned subsidiary of International Group Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by International Group Limited and with associate companies of the group.

During the year the company had the following related party transactions with entities outside the group headed by International Group Limited:

	2002 £000	2001 £000
Profit and loss account		
<i>Interest payable</i>		
UA Investments Limited	22	27
	<hr/>	<hr/>
Balance sheet		
<i>Group creditors</i>		
UA Investments	654	631
Mines America Limited	7	7
	<hr/>	<hr/>
	661	638
	<hr/>	<hr/>

UA Investments Ltd, Holdings Universal Ltd, Status Oil Ltd, and Universal Finance Ltd are overseas companies owned by trusts, the settlor of which is RM King.

All the other companies are related parties by virtue of the fact that the board of directors of the companies include RM King, HM King, WM King and CM King.

19 Commitments

At the end of the financial year the company had no unprovided capital commitments (2001: £nil).